

Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

A280.3449

039

0072
Volume 4

MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA
SEPTEMBER 1959

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

OCT 1959 Number 2

MARKET SUMMARY SEPTEMBER 1959

The Chattanooga Order Minimum uniform producer price is \$4.77 per cwt. f.o.b. pool plants for milk containing 4.0% butterfat. The producer butterfat differential is 7.6 cents for each one-tenth of one percent above or below 4.0 percent.

During September 82.7% of the total producer milk was priced in Class I at \$5.04 per cwt. with a butterfat differential of 7.8 cents and 17.3% was priced in Class II at \$3.57 per cwt. with a butterfat differential of 7.2 cents. The percent of producer skim and butterfat priced in Class I was 83.1% and 73.4% respectively.

The daily average delivery of producer milk during September increased 6.8% compared with August and increased 11.8% compared with September 1958. The daily average use of Class I milk increased 15.2% compared with August and increased 5.1% compared with September 1958.

During September handlers received a daily average of 438,618 pounds of producer milk from 732 producers as compared with 392,411 pounds of producer milk from 779 producers during September 1958. Milk delivered from farm bulk tank producers during September was 320,192 pounds daily or 73.0% of total producer milk compared with September 1958 bulk milk which was 172,978 pounds daily or 44.1% of total producer deliveries.

NUMBER OF FARM PAYROLL ACCOUNTS

	1958				1959								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Can	490	474	449	433	427	413	400	390	362	343	311	264	246
Tank	289	303	319	331	334	342	349	353	380	395	418	478	486
TOTAL	779	777	768	764	761	755	749	743	742	738	729	742	732
New	23	6	2	3	4	0	2	2	1	0	0	20	5
Quit	25	8	11	7	7	6	8	8	2	4	9	7	15

DAILY AVERAGE PRODUCER RECEIPTS COMPARED TO GROSS CLASS I UTILIZATION
(1000 pounds per day)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Sept. '59</u>	<u>Aug. '59</u>	<u>Sept. '58</u>
Number of Plants (Pool and Non-Pool)	19	19	21
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	118,426	126,091	219,433
Producer Milk - Bulk Tank	320,192	284,758	172,978
Total Producer Milk Pounds	438,618	410,849	392,411
% September '59 compared with:	100.0	106.8	111.8
Other Source Milk Pounds	10,329	9,087	11,595
Other Order Milk Pounds	26,548	27,317	22,993
<u>TOTAL RECEIPTS MILK POUNDS</u>	475,495	447,253	426,999
% September '59 compared with:	100.0	106.3	111.4
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	294,630	268,540	282,745
Buttermilk	39,308	38,017	36,435
Chocolate Milk	9,439	9,148	8,635
Fluid Skim	9,308	7,990	6,429
Fluid Creams	2,171	2,160	1,914
Bulk to Non-Handlers	35,832	12,663	38,737
Class I Shrinkage	3,139	3,308	1,301
Inventory Reclassification	(356)	(213)	(1,714)
Overstated Sales	-	-	(114)
Total Class I Milk	393,471	341,613	374,368
% September '59 compared with:	100.0	115.2	105.1
Class II Milk Pounds (Used to Produce)			
Butter	1,259	731	1,196
Cottage Cheese	13,950	14,282	11,618
Powdered and Condensed Milk	30,007	49,051	8,248
Ice Cream	21,566	23,622	19,442
Inventory Variation	1,327	6,166	1,267
Other	13,915	11,788	10,860
Total Class II Milk	82,024	105,640	52,631
% September '59 compared with:	100.0	77.6	155.8
<u>TOTAL UTILIZATION CL. I AND CL. II MILK LBS.</u>	475,495	447,253	426,999
% Producer Milk of Gross Class I	111.5	120.3	104.8
% Producer Skim of Gross Class I Skim	110.9	119.7	104.3
% Producer Butterfat of Gross Class I Butterfat	125.6	134.8	119.4
% Producer Milk Priced in Class I	82.7	75.8	88.6

OCTOBER 1959 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Oct. '59</u>	<u>Sept. '59</u>	<u>Oct. '58</u>
Basic Formula (See Page 4)	\$3.57	\$3.45	\$3.45
Plus (\$ 1000.51(a)(1))	1.75	1.75	1.75
Supply-Demand Adjustment	(0.18)	(0.16)	(0.06)
Class I Price, 4.0% Butterfat	\$5.14	\$5.04	\$5.14

Per \$ 1000.51(a)

Supply-Demand Comparison: 1st and 2nd preceding months: August and September	
Supply: Lbs. Producer Milk (August 12,736,311 and September 13,158,542)	25,894,853
Demand: Lbs. Net Class I Milk (August 9,899,634 and Sept. 11,172,281)	21,071,915
Utilization Percentage: Producer milk divided by Class I	123
Standard Utilization Percentage: Range 110-114	114
Net Deviation Percentage: Utilization minus Standard Utilization	plus 9
Supply-Demand Adjustment: 2 cents x 9 percentage points	minus \$0.18

Since the supply in relation to the demand is more than the desired standard, the price is decreased 18 cents per hundredweight (2 cents x 9 percentage points).

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR SEPTEMBER 1959

Based on 19 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,804,124	3.665		
Less Other Source		919,358	3.640		
Producer Milk Class I	82.7	10,884,766	3.666758	\$4.780071	\$520,299.54
Gross Class II		2,460,730	5.904		
Less Other Source		186,954	0.534		
Producer Milk Class II	17.3	2,273,776	6.345964	5.259094	119,580.02
TOTAL PROD. (Cl. I + Cl. II)	100.0	13,158,542	4.129720		639,879.56
Add Fractional Adjustment					.01
Add Compensatory Payment Value		123,002		0.27	332.10
Add Overage Value					39.98
Add Inventory Reclassification Value					28.84
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					5,874.20
TOTAL VALUE AT TEST		13,158,542	4.129720		646,154.69
Less Test Over 4% @ 7.6¢ per point		13,158,542	.129720	0.098587	12,972.61
TOTAL VALUE AT 4.0%		13,158,542	4.0	4.811947	633,182.08
Less Producer-Settlement Fund Reserve		13,158,542		0.041947	5,519.61
UNIFORM PRICE f.o.b. POOL PLANT		13,158,542	4.0	4.77	627,662.47

SEPTEMBER 1959 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0%	\$4.01	3.6%	\$4.466	4.2%	\$4.922	4.8%	\$5.378	5.4%	\$5.834
3.05	4.048	3.65	4.504	4.25	4.96	4.85	5.416	5.45	5.872
3.1	4.086	3.7	4.542	4.3	4.998	4.9	5.454	5.5	5.91
3.15	4.124	3.75	4.58	4.35	5.036	4.95	5.492	5.55	5.948
3.2	4.162	3.8	4.618	4.4	5.074	5.0	5.53	5.6	5.986
3.25	4.20	3.85	4.656	4.45	5.112	5.05	5.568	5.65	6.024
3.3	4.238	3.9	4.694	4.5	5.15	5.1	5.606	5.7	6.062
3.35	4.276	3.95	4.732	4.55	5.188	5.15	5.644	5.75	6.10
3.4	4.314	4.0	4.77	4.6	5.226	5.2	5.682	5.8	6.138
3.45	4.352	4.05	4.808	4.65	5.264	5.25	5.72	5.85	6.176
3.5	4.39	4.1	4.846	4.7	5.302	5.3	5.758	5.9	6.214
3.55	4.428	4.15	4.884	4.75	5.34	5.35	5.796	5.95	6.252

ACTIVITIES OF CHECK TESTERS-SEPTEMBER 1959; Plant Scales checked 3, Plant calls 98,
Samples tested - Composite 1,151, Fresh 5,326, Finished Products 246.

CORRECT NAME FOR 1960 MILK BASES

Producers are reminded that under the Order a new base is established each year. The daily base of each producer will be computed by the office of the Market Administrator by dividing the total pounds of milk received by all pool plants from such producer during the months of September through January by the number of days from the first day milk is received from such producer during said months to the last day of January, inclusive, but not less than 120 days. Under the Order, the base established by the producer is used in calculating the uniform prices to be paid for base and excess milk deliveries during the following months of March through July. Producers (particularly partnerships) are urged to see that their names are correctly listed with the handler receiving their milk. A BASE WILL NOT BE TRANSFERRED WITHOUT WRITTEN APPLICATION BEING RECEIVED BY THE MARKET ADMINISTRATOR. THE TRANSFER MUST BE SIGNED BY BASEHOLDER AND THE PERSON TO WHOM SUCH BASE IS BEING TRANSFERRED.

SUMMARY OF CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '58	\$4.77	-	-	7.4¢	\$4.96	7.6¢	\$3.45	6.9¢
Oct.	4.86	-	-	7.6	5.14	7.8	3.36	6.7
Nov.	4.88	-	-	7.4	5.23	7.6	3.35	6.7
Dec.	4.80	-	-	7.2	5.17	7.5	3.46	6.9
Jan. '59	4.88	-	-	7.4	5.21	7.8	3.33	6.6
Feb.	4.79	-	-	7.2	5.18	7.5	3.21	6.6
Mar.	4.67 ^{2/}	\$4.82	\$3.11	7.2	5.21	7.5	3.15	6.6
Apr.	4.49 ^{2/}	4.74	3.04	7.2	5.12	7.5	3.08	6.7
May	4.36 ^{2/}	4.59	2.99	7.2	4.97	7.5	3.03	6.7
June	4.46 ^{2/}	4.67	2.99	7.2	5.05	7.5	3.03	6.7
July	4.61 ^{2/}	4.83	2.99	7.2	5.10	7.5	3.03	6.7
Aug.	4.58	-	-	7.4	5.10	7.5	3.04	6.9
Sept.	4.77	-	-	7.6	5.04	7.8	3.57	7.2
Oct.	-	-	-	-	5.14	8.2	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS (\$-cwt-4%)				Highest or Basic Formula \$-cwt-4%
	Mid-West Cond.	Chi. 92° Butter	Chi. Area Powders	Wisc. Cheese	Mid-West Cond.	Butter	Butter 4 Tenn.		
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.		Cheese	Powder Milk Mfg.		
Sept. '58	2.995	60.250	12.635	32.062	3.37	3.26	3.45	3.11	3.45
Oct.	3.040	58.364	12.685	32.700	3.42	3.18	3.36	3.14	3.42
Nov.	3.054	58.016	12.780	32.094	3.42	3.16	3.35	3.18	3.42
Dec.	3.071	60.330	12.705	31.688	3.43	3.25	3.46	3.21	3.46
Jan. '59	3.062	57.744	12.680	31.750	3.43	3.14	3.33	3.21	3.43
Feb.	3.060	57.743	12.695	31.750	3.42	3.14	3.33	3.21	3.42
Mar.	3.014	57.750	12.720	31.750	3.37	3.14	3.33	3.15	3.37
Apr.	2.952	57.840	12.615	31.596	3.31	3.14	3.34	3.08	3.34
May	2.918	57.905	12.800	31.100	3.28	3.14	3.34	3.03	3.34
June	2.908	57.974	12.600	31.000	3.27	3.14	3.35	3.03	3.35
July	2.933	58.026	12.645	31.100	3.29	3.14	3.35	3.03	3.35
Aug.	2.965	60.190	12.820	31.531	3.34	3.24	3.45	3.04	3.45
Sept.	3.013	62.730	12.890	31.692	3.39	3.36	3.57	3.10	3.57

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

SUMMARY OF RECEIPTS AND USE (BASED AVERAGE)											
Month	GROSS MILK POUNDS ^{3/}					Number		Deliveries Per			Prod.
	Gross	Prod.	Prod.	Base	Gross	of		Farm--Pounds			Milk
	Cl. I	Cl. I	Rpts.	Rpts.	Rpts.	Hdlr. Prod.		Prod.	Base	Exc.	Test %
Sept. '58	374,368	347,589	392,411	-	426,999	21	779	504	-	-	4.17
Oct.	370,590	345,910	395,523	-	426,160	20	777	509	-	-	4.36
Nov.	355,410	328,935	392,877	-	425,836	20	768	512	-	-	4.43
Dec.	337,125	310,803	389,617	-	424,678	20	764	510	-	-	4.51
Jan. '59	362,232	334,538	388,175	-	423,612	20	761	510	-	-	4.46
Feb.	341,167	310,878	378,577	-	416,038	20	755	501	-	-	4.32
Mar.	332,496	301,741	399,902	365,270	434,768	20	749	534	488	46	4.27
Apr.	340,973	309,923	443,709	376,673	479,892	19	743	597	507	90	4.14
May	328,965	299,376	433,529	370,983	469,066	19	742	584	500	84	4.13
June	319,460	289,800	403,891	353,984	439,618	19	738	547	480	67	4.11
July	331,754	301,821	390,592	343,625	427,296	19	729	536	471	65	4.10
Aug.	341,613	311,370	410,849	-	447,253	19	742	554	-	-	4.07
Sept.	393,471	362,826	438,618	-	475,495	19	732	599	-	-	4.13

^{1/} Excludes Premium^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I; Excess Receipts is Producer minus Base